

For Settlement Purposes Only

**TRANSMISSION REVENUE REQUIREMENT
INCOME STATEMENT
(\$thousands)**

| | A | B | C |
|--|----------------|----------------|----------------|
| | FY 2004 | FY 2005 | FY 2006 |
| 1 OPERATING EXPENSES | | | |
| 2 OPERATION AND MAINTENANCE | 284,305 | 289,519 | 291,607 |
| 3 INTER-BUSINESS LINE EXPENSES | 77,303 | 77,303 | 77,303 |
| 4 FEDERAL PROJECTS DEPRECIATION | 176,455 | 188,386 | 199,884 |
| 5 TOTAL OPERATING EXPENSES | 538,063 | 555,208 | 568,794 |
| 6 INTEREST EXPENSE | | | |
| 7 INTEREST ON FEDERAL INVESTMENT - | | | |
| 8 ON APPROPRIATED FUNDS | 63,484 | 61,497 | 61,497 |
| 9 ON LONG-TERM DEBT | 164,198 | 174,962 | 188,710 |
| 10 INTEREST INCOME | (23,517) | (23,507) | (23,932) |
| 11 AMORTIZATION OF CAPITALIZED BOND PREMIUMS | 3,914 | 3,451 | 3,220 |
| 12 CAPITALIZATION ADJUSTMENT | (19,713) | (20,115) | (20,115) |
| 13 AFUDC | (23,583) | (22,474) | (23,889) |
| 14 NET INTEREST EXPENSE | 164,783 | 173,814 | 185,491 |
| 15 TOTAL EXPENSES | 702,846 | 729,022 | 754,285 |
| 16 MINIMUM REQUIRED NET REVENUES 1/ | 20,125 | 7,042 | 0 |
| 17 PLANNED NET REVENUES FOR RISK | 0 | 0 | 0 |
| 18 TOTAL PLANNED NET REVENUES | 20,125 | 7,042 | 0 |
| 19 TOTAL REVENUE REQUIREMENT | 722,971 | 736,064 | 754,285 |

1/ SEE NOTE ON CASH FLOW TABLE.

For Settlement Purposes Only

**TRANSMISSION REVENUE REQUIREMENT
STATEMENT OF CASH FLOWS
(\$thousands)**

| | A | B | C |
|---|----------------|----------------|----------------|
| | FY 2004 | FY 2005 | FY 2006 |
| 1 CASH FROM CURRENT OPERATIONS: | | | |
| 2 MINIMUM REQUIRED NET REVENUES 1/ | 20,125 | 7,042 | 0 |
| 3 EXPENSES NOT REQUIRING CASH: | | | |
| 4 FEDERAL PROJECTS DEPRECIATION | 176,455 | 188,386 | 199,884 |
| 5 AMORTIZATION OF CAPITALIZED BOND PREMIUMS | 3,914 | 3,451 | 3,220 |
| 6 CAPITALIZATION ADJUSTMENT | (19,713) | (20,115) | (20,115) |
| 7 ACCRUAL REVENUES (AC INTERTIE/FIBER) | (5,261) | (5,261) | (5,261) |
| 8 CASH PROVIDED BY CURRENT OPERATIONS | 175,520 | 173,503 | 177,728 |
| 9 CASH USED FOR CAPITAL INVESTMENTS: | | | |
| 10 INVESTMENT IN: | | | |
| 11 UTILITY PLANT | (340,035) | (289,706) | (428,302) |
| 12 CASH USED FOR CAPITAL INVESTMENTS | (340,035) | (289,706) | (428,302) |
| 13 CASH FROM TREASURY BORROWING AND APPROPRIATIONS: | | | |
| 14 INCREASE IN LONG-TERM DEBT | 320,035 | 269,706 | 408,302 |
| 15 REPAYMENT OF LONG-TERM DEBT | (126,897) | (153,501) | (110,000) |
| 16 REPAYMENT OF CAPITAL APPROPRIATIONS | (28,623) | (2) | (38,930) |
| 17 CASH FROM TREASURY BORROWING AND APPROPRIATIONS | 164,515 | 116,203 | 259,372 |
| 18 ANNUAL INCREASE (DECREASE) IN CASH | 0 | 0 | 8,798 |
| 19 PLANNED NET REVENUES FOR RISK | 0 | 0 | 0 |
| 20 TOTAL ANNUAL INCREASE (DECREASE) IN CASH | 0 | 0 | 8,798 |

1/ Line 18 must be greater than or equal to zero, otherwise net revenues will be added so that there are no negative cash flows for the year.